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British Virgin Islands

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Contents

		Paragraphs	Page
I.	Background information	1–3	3
II.	Constitutional, political and legal issues	4–10	3
III.	Budget	11–14	4
IV.	Economy	15–44	5
	A. General	15–18	5
	B. Agriculture and fisheries	19–21	5
	C. Manufacturing/industry	22–23	6
	D. Tourism	24–26	6
	E. Finance	27–31	7
	F. Transport and communications	32–41	8
	G. Water system, sanitation system and utilities	42–44	9
V.	Social conditions	45–62	9
	A. General	45	9
	B. Labour	46–47	9
	C. Education	48–50	10

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	D. Public health	51–54	10
	E. Immigration	55–58	11
	F. Crime	59–62	11
VI.	Environment	63–65	12
VII.	Relations with international organizations and entities	66–68	12
	A. United Nations system	66	12
	B. Regional organizations and entities	67–68	12
VIII.	Future status of the Territory	69–78	13
	A. Position of the territorial Government	69–70	13
	B. Position of the administering Power	71–77	13
	C. Consideration by the General Assembly	78	14

I. Background information

1. The British Virgin Islands[1] are located about 60 miles east of Puerto Rico and 15 miles from the United States Virgin Islands. **The Territory** comprises a group of 50 islands **that** form an archipelago with the United States Virgin Islands. **Twenty of the islands are inhabited.** The capital city, Road Town, is located on the largest island, Tortola (21.5 square miles), on which some 80 per cent of the population live. The other major islands are Virgin Gorda (8.5 square miles), Anegada (15.2 square miles) and Jost Van Dyke (3.2 square miles).

2. The earliest inhabitants of the British Virgin Islands were the Arawaks and the Caribs. The islands were sighted in 1492 by Christopher Columbus. The Dutch established the first permanent European community on the islands in 1648. In 1666, British planters took control of the islands and the Territory attained the status of a British colony. The planters were granted civil government, constitutional courts, an elected House of Assembly and a partly nominated Legislative Council, which first met in 1772. In 1872, the islands became part of the Federation of the Leeward Islands. In the 1930s and 1940s, British Virgin Islanders demanded greater self-governance, which led to the Territory becoming a separately administered colony in 1956.

3. **The latest census was conducted in April and May 2001 and the population projection for this count is about 23,000 residents and over 8,000 households (the official results are not available yet), compared with 16,700 in 1991.**[2] Approximately 90 per cent of British Virgin Islanders are of African descent, the remainder being of European or another origin. The population is predominantly Christian, with 86 per cent professing a Protestant creed and 6 per cent Roman Catholicism. The population growth rate in **2001** was **2.22** per cent. Immigration continues to be an important source of population growth; estimated net migration **rate** for **2001** was **11.39 migrants per 1,000 inhabitants.**

II. Constitutional, political and legal issues

4. The British Virgin Islands is a **Non-Self-Governing Territory** (British Overseas Territory) **under the administration of the United Kingdom of Great Britain and Northern Ireland. The Constitution**, formulated with local input, **was adopted in 1967 and amended in 1976.** Under the Constitution, the administering Power appoints a Governor with responsibilities for defence, internal security, external affairs, public service and the administration of the courts; the Governor retains legislative powers as necessary to exercise special responsibilities. The Executive Council **consists of** the Chief Minister **(appointed by the Governor from among the elected members of the Legislative Council) who has responsibility for finance,** three ministers (appointed by the Governor on the advice of the Chief Minister) **and one ex officio member (the Attorney-General). The Governor is the Chairman of the Executive Council** and must consult with it in the exercise of his duties. The Legislative Council consists of a Speaker, the Attorney-General as an ex officio member and 13 elected members **(nine members from one-member electoral districts and four members representing the Territory "at large").**

5. **There are four political parties in the British Virgin Islands: the Virgin Islands Party (VIP); the United Party (UP); the Concerned Citizens' Movement (CCM), which was founded in 1994 as a successor to the Independent People's Movement, and the National Democratic Party (NDP), founded in 1998.**[3] General elections must be held at least once every four years. Candidates are elected based on a simple majority. Persons voting must be 18 years of age or over and have "belonger status". The last election was held in 1999.

6. **The current Governor of the British Virgin Islands, Frank Savage, has been in office since 1998. In February 2002, Tom Macan was appointed Governor for a term of office beginning in October 2002.**[4]

7. **In March 2002, the Legislative Council asked the British Government to appoint a commission to review the Virgin Islands Order 1976 (Constitution). Among other things, the Chief Minister asked the British Government to consider the procedure for the conferment of belonger status, the introduction of one more ministerial position and the addition of a human rights chapter to the Constitution.**[5] **Most of the recommendations presented by the previous constitutional review**

(1993) had been incorporated through constitutional amendments between 1994 and 2000 (see also A/AC.109/2001/8, paras. 16 and 17).

8. The law of the British Virgin Islands is the common law of England and locally enacted legislation. Justice is administered by the Eastern Caribbean Supreme Court, based in Saint Lucia, which consists of two divisions: the High Court of Justice and the Court of Appeal. There are two resident High Court Judges, and a visiting Court of Appeal which is comprised of the Chief Justice and two Judges of Appeal and which sits twice a year in the Territory. There is also a Magistrates Court, which hears prescribed civil and criminal cases, a Juvenile Court and a Court of Summary Jurisdiction. The United Kingdom Privy Council is the final court of appeal.

9. In August 2001, the Government established a permanent Law Reform Commission aimed at the systematic development and reforms of the Territory's laws in order to bring them in line with emerging trends in local and international legal fields. The Commission is to submit annual reports to the Legislative Council. It was expected to be fully operational by the end of March 2002.

10. In March 1999, the Government of the United Kingdom of Great Britain and Northern Ireland issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (for the text, see A/AC.109/1999/1 and Corr.1, annex; for key recommendations, see A/AC.109/1999/9, para. 28). The White Paper proposed the extension of British citizenship to the citizens of the Territories; at the same time, it required the Territories to amend their local legislation, in particular on human rights and on the regulation of financial services to meet international standards. The Bill completed a three-step process through the House of Lords in 2001 and completed its third reading in the House of Commons in February 2002. It received Royal Assent on 26 February 2002 and became the British Overseas Territories Act 2002 (A/AC.109/2002/2/Add.1). On 18 March 2002, Baroness Amos stated that the British Government was making arrangements to implement the citizenship provisions, the commencement date of which would be announced no later than 21 May. In this connection, the local press has singled out a provision stating that, under the new law, British Virgin Islanders can obtain British passports which will allow them, among other things, to live and work in the United Kingdom and the European Union without restrictions. At the same time, the acquisition of British citizenship is not mandatory.[6]

III. Budget

11. In December 2001, the Chief Minister gave a budget address for the year 2002 in which he stated that the projected revenue for 2001 had initially been $197 million, but that owing to the negative impact on the economy of the terrorist attacks on the United States, it had been revised downward to $190 million, still representing an increase of approximately $8 million from 2000, or 4 per cent. He said that, in the month of September, the economy "lost $7 million that was never regained". Nevertheless, for the preceding six years the revenue estimates showed a growth of over 100 per cent.

12. For the year 2002, the Government estimated it would collect over $201 million in revenues. It budgeted recurrent expenditures at $156 million, which would yield an expected budget surplus of $45 million. The provisions for funding of capital projects have been made as follows: Loan Funds Approved and Envisaged will receive $77.3 million and contributions (Consolidated fund) will receive $44.045 million, for a total of $121.41 million. These funds are expected to be formed from local sources. The Consolidated Fund balance stood at about $96 million. The Chief Minister noted that the Government was seeking to further improve its cash flow. Therefore, it would not support arbitrary allocations of funds for projects that had not been initiated. The allocations would be authorized by the Minister of Finance, subject to the satisfactory flow of funds and the justification that the projects would be implemented properly.[7]

13. The public debt (that of the central Government), for the period ending 31 December 2001 was estimated to be $49 million, and the national debt (the public debt plus contingent liabilities) was estimated to be $89 million. Contingent liabilities were estimated to be $40 million. Public debt to revenue rate was 28 per cent and public debt to GDP ratio was 17 per cent.

Public debt repayments amount remained at 3 per cent of revenue. As regards the international borrowing criteria mandated by the United Kingdom Government, the Territory was at approximately 70 per cent of its borrowing capacity. The Chief Minister reported that a team from the Foreign and Commonwealth Office had visited the Territory to assess the state of affairs and advance the process of adopting formally the borrowing criteria.

14. Owing to the lack of coordination between the various ministries and departments, the Appropriation Act 2002 (Budget) was adopted only in February 2002, for the first time in six years after the fiscal year had already begun.[8]

IV. Economy

A. General

15. The economy continued its trend of healthy expansion in 2001. The gross domestic product (GDP) for 2001 was $742.3 million, which is $59.5 million or 8.7 per cent more than that of the previous year. The annual rate of inflation for 2000 was 2.8 per cent and the inflation rate for 2001 averaged 3.13 per cent.[9]

16. The Territory's principal trading partners are the United States of America, Trinidad and Tobago, Antigua and Barbuda and the United Kingdom. The Territory's trade balance continued to be positive. Figures for the fourth quarter of 2000 (released in October 2001) showed that the overall balance on transaction grew to $63.44 million, or 65.9 per cent from the same quarter the previous year. Imports outpaced the growth of exports, rising by 8.2 per cent to around $107.8 million, which is considered to be a normal expansion. The growth was led by the tourism and financial services inflows, which expanded significantly by about 24.4 per cent, compared with the same period the previous year. The growth in exports signals the general strength of the British Virgin Islands economy, as both tourism and financial services are counted as exports.

17. In November 2001, the Government announced that it was expecting to spend up to $3 million on initiatives to boost the economy in the light of the expected negative effects following the 11 September terrorist attacks. The financial sector, one of the twin pillars of the economy, was performing at about 85 per cent of its normal capacity. The other twin pillar, tourism, was down by 20 to 30 per cent in comparison with the previous year. A specially appointed committee has been commissioned to design a more effective media campaign for these two leading sectors of the economy. The campaign is expected to cost between $1 and 1.5 million. The Government also considered enhancing project implementation and special measures to stimulate the construction industry.[10]

18. According to the information provided by the administrating Power, the National Integrated Development Strategy has been developed by the Territory in collaboration with various United Nations agencies. The purpose of the Strategy is "to facilitate the development of the economic, social, spatial and environmental objectives in a balanced, integrated and sustainable manner. Some of these objectives include expansion of the national output within the framework of sustainable development, a focus on diversification of the economy into agriculture, fisheries and food production, and decreasing vulnerability in the critical international services industry while increasing the economy's capacity to deal with inflation and debt".

B. Agriculture and fisheries

19. Agriculture contributes 1.5 per cent of GDP and engages 1.9 per cent of the persons in paid employment. Fisheries contribute nearly 3 per cent to GDP. The budget for the Department of Agriculture in 1999 was $1.78 million and $2 million in 2000. The budget for the Department of Conservation and Fishery in 1999 was $865,600 and in 2000 it was $913,000. The main crops produced in the Territory are fruits and vegetables. There is also an active fishing sector and some raising of livestock. The Territory's fishing industry provides for local consumption and export, as well as for fishing activities for tourists. At the same time, there are serious obstacles to developing the agriculture sector, among them a shortage of labour, water and marketing facilities. Food imports account for 18.9 per cent of total import cost. In November 1999, the Government announced that it intended to raise the level of agricultural production through the revision of legislation and policy relating to this sector of the

economy in order to ensure self-sufficiency in agriculture and the reduction of exports.

20. **In December 2001, the British Virgin Islands joined the International Commission for the Conservation of Atlantic Tuna (ICCAT), an intergovernmental fisheries organization responsible for the conservation of tuna and tuna-like species in the Atlantic and adjacent seas. Membership in ICCAT would provide better exploitation of the Territory's high value pelagic stocks and help in export to countries such as the United Kingdom, the United States and Canada. The Territory will also work with ICCAT on collecting scientific data.**[11]

21. **In January 2002, the Ministry of Natural Resources signed a memorandum of understanding with the Canadian province of Nova Scotia. Under this agreement, Nova Scotia and the Island's fisheries will share information and technology in areas such as boat building, equipment, processing and marine management and conservation, which will contribute towards developing the Territory's fishing industry.**[12]

C. Manufacturing/industry

22. Local industry, including mining, manufacturing and construction, **accounts for 9.9** per cent of the GDP and **engages around 21.3 per cent of the employed labour force**. The mining industry consists of the extraction of materials for the construction industry and some salt. Manufacturing, **which provides around 1 per cent of GDP, consists mainly of light industry**; there is one rum distillery, two ice-making factories, a small boat-maker and a few cottage industries. **According to the information provided by the administering Power, the manufacturing industry centres around the "Craft Alive" market and the Hope Estate, East End, Long Look Industrial Compound project. The "Craft Alive", an art and craft market which opened 10 years ago under the auspices of the Department of Trade Investment and Promotion with the assistance of the Department of Tourism, has expanded its operation from two weeks a year during festival time to operating on a daily basis year round.**

23. The construction industry, as measured by imports of construction materials (cement, nails, paints, polyvinyl chloride (PVC) pipe, lumber and steel) **accounts for 6.3 per cent of GDP.** Figures for the **fourth** quarter of **2001** indicated a **34** per cent **increase** in the total value of imported building materials from the **previous quarter from $1.69 million to $2.27 million. However, during the same time there was a 10.9 per cent decline in imports of PVC pipe and a 20.1 per cent drop in cement imports. Steel imports increased by 12.5 per cent, rough lumber by 121.9 per cent, nails by 49 per cent and paints by 37.4 per cent.**

D. Tourism

24. A rich vegetation, unspoiled beaches, yachting marinas and fine coral reefs make the islands a natural tourist destination, and tourism continues to be the most important economic sector for the Territory. Unlike the international financial services, tourism is an important source of employment as well as revenue, as well as a host of other sectors, such as the construction and retail sales sectors.

25. The **fourth** quarter of 2000 showed a substantial increase in tourism. Overnight arrivals were **81,345, an increase of 9,535, or 13.3 per cent from the same quarter in 1999**; the number of tourist nights was **597,550, an increase of 87,060, or 17.7 per cent from the same quarter in 1999**; tourist receipts were **$65.9** million, **which is $7.5 million or 12.8 per cent more compared with the same period the previous year**, and cruise ship visitors totalled **42,267**, compared with **11,030 more cruises, or 36.8 per cent. Despite the increase, the tourism sector of the economy showed signs of a slowdown and the amount of money spent per night in the Territory actually declined 3.7 per cent from the same quarter in 1999.**[13]

26. **The number of cruise ship tourists continued to rise. In November 2001, the Chief Minister reported that the projections for cruise ships visits to the Territory remained robust. From November 2001 to April 2002, approximately 40 ships per month were expected to visit the Islands, bringing over 298,000 visitors. The financial provisions for the tourist industry had been increased significantly in 2001, which allowed the Tourism Board to respond in a timely manner to the challenges triggered by the terrorist attacks of 11 September. The cancellation rate in the wake of the attacks did not exceed 30 per cent. The Board is introducing**

special measures to increase the number of European tourists next year. One of such measures is the launching of a new web site for the Tourism Board and calling on Cable and Wireless as the Territory's Internet supplier to increase its capacity. Among the other initiatives, the Chief Minister cited a plan to improve access to the beaches and the reconstruction and enlargement of the local road network. This includes adding new features in the capital, Road Town, completion of a number of car parks and further development of the "Crafts Alive" project.[14] In December 2001, the Chief Minister stated that the tourist sector had performed well under very difficult circumstances. He highlighted the importance of the development and expansion of land-based tourism as much as possible and announced measures to expand land-based tourism products. In 2001, a new dolphin swim project at the Prospect Reef Resort was approved by the Executive Council. However, this action gave rise to protests from local and international environmental activists.

E. Finance

27. As has been described in previous working papers (see A/AC.109/2000/18 and A/AC.109/2001/8), the provision of international financial services is one of the two pillars (along with tourism) of the British Virgin Islands economy. Fees from these services alone bring in more than half of the Government's revenue. The British Virgin Islands was one of the first Territories to adopt legislation (in the mid-1980s) allowing registration of international business companies and continues to claim about 45 per cent of the world's market. The British Virgin Islands does not tax assets, ensures their privacy and has a well-educated population that enhances the quality of the services and regulation provided.

28. During the period under review, the financial sector continued to grow. According to the Caribbean Development Bank, over 64,000 new international business companies were licensed in the British Virgin Islands during the year 2000, representing an increase of 19 per cent compared with 1999 and bringing the total number of registered international business companies to 368,000. In the mutual fund segment, almost 400 new funds were registered in 2000, bringing the total number of funds registered since the creation of the mutual fund registry in 1998 to over 2,000. In addition, 25 new insurance licences and 21 new trust company licences were issued during 2000. Despite ongoing efforts to attract more insurance and trust companies to the Territory, international business companies still accounted for around 90 per cent of government revenues from financial services. According to the existing local laws, the international business companies are not taxed and are not obliged to disclose the identities of their directors or shareholders, and thus these companies have been particularly singled out by international financial critics. From January to September 2001, the total deposits of all the commercial banks expanded by over 10 per cent and reached $1,056 million.[15]

29. The confidentiality and tax-free qualities of the British Virgin Islands' financial sector had drawn the scrutiny of the Organisation for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATF). In 2000, the British Virgin Islands had been included in the list of countries and jurisdictions with harmful tax practices. The Government of the Territory, in cooperation with the United Kingdom, undertook certain measures to improve its legislation in order to meet the requirements of the international business community. The Mutual Funds (Amendment) Act 2001 conferred on the Minister of Finance the power to refuse granting a Certificate of Recognition to a private or professional firm, in cases where he determined that it would not be in the interest of mutual fund investors or in the public interest. The Electronic Transaction Act 2001 would facilitate the use of electronic technology. It removed any uncertainty related to the legal effects of information in electronic form or communicated by electronic means and as to the time and place of dispatch and receipt of electronic communications. In December of 2001, the Council replaced the Financial Services Department with the Financial Service Commission, a new autonomous body created to regulate offshore banking and investments.[16]

30. In July 2001, the Executive Council approved an amendment to the Anti-Money Laundering Code of Practice. Under the Code, the Government considers that every entity or person carrying on

financial services business in the British Virgin Islands has a responsibility to ensure that his or its business is conducted in compliance with the relevant regulatory and money-laundering laws, rules and regulations. After the terrorist attacks on the United States on 11 September, the territorial Government expressed its readiness to cooperate in tracking terrorist-related assets. The Chief Minister pledged to "do whatever necessary to ensure that there is no safe hiding place for terrorists" or their assets in the British Virgin Islands.[17]

31. In his budget speech in December 2001, the Chief Minister said that British Virgin Islands strategic policy objective in 2002 was to ensure that the Territory "did not appear on any negative list". In February 2002, the Government of the Territory negotiated and submitted a draft commitment letter to the OECD which represented the British Virgin Islands' position on the principles of transparency and effective exchange of information. In March 2002, OECD gave a written assurance that the British Virgin Islands would not be included on any list of uncooperative jurisdictions.[18]

F. Transport and communications

32. According to the information provided by the administrating Power, the British Virgin Islands has 150 roads, of which 118 or 102.5 kilometres are paved. The number of vehicles registered and licensed in the Territory exceeds 9,500. Construction began on a new bridge to Beef Island. This project had been plagued by problems and, in February 2001, construction on the bridge was halted for a month as the contractor claimed it was owed money by the Government. By March 2002, the new Beef Island Bridge had not yet been officially commissioned into operation, and motorists driving to Beef Island were being directed to use one lane.[19]

33. There are three international airports in the British Virgin Islands with around 15,500 arrivals and departures. Fifteen airlines are coming to the Territory (eight scheduled and seven chartered).

34. The construction of a new terminal in the Beef Island Airport, begun in 2000, has been completed. The airport has been renamed T. B. Lettsome International Airport and the terminal facility was opened in March 2002. This terminal is part of a $65 million project, the largest and costliest single capital project of the British Virgin Islands Government. The new terminal, four times the size of the existing building, has 19 check-in desks and accommodates 300 seats. Work continues on the expansion of the runway, other airside and landside infrastructural developments. The Caribbean Development Bank, the European Union, the European Investment Bank, Scotia Bank, the Social Security Board, Barclays and the Territory's Government are funding the project.[20]

35. The airport runway on Virgin Gorda Island will also be extended in the near future. In September 2001, after years of searching for an acceptable price, the Government approved a resolution to acquire the 38 acres of land on Virgin Gorda owned by Little Dix Bay Hotel.[21]

36. In September 2001, the Controller of Customs announced new procedures for the management of cargo at three major airports. Starting 1 October 2001, the importers were required to land all cargo brought into the Territory at Port Purcell. The new routing procedures came as part of the Customs Reform and Modernization Programme, which started in April 2000.[22]

37. At the beginning of 2002, in order to improve the screening of travellers entering and leaving the islands, the Government acquired a new automated border management system (AiT's enTReX). The contract, valued $1.1 million, envisages that the AiT technology will be installed at inspection points in the country's major air and seaports.

38. In December 2001, the Legislative Council passed a new law which will allow the British Virgin Islands to register merchant ships. This move will bring control of the territorial waters under a single, consolidated law and is expected to become another "revenue generator". The Bill covers all aspects of registration and will be enforced by the Port Authority Board.

39. The British company Cable and Wireless provides basic telephone services in the British Virgin Islands and has been operating as a monopoly there since 1966. Another virtual monopoly, CCT Boatphone has a licence to sell cellular telephones and was competing for mobile Internet service distribution rights on the Territory.[23]

40. **The current contract with Cable and Wireless expires in 2007.** In 2000, the Government took the decision not to renew Cable and Wireless' exclusive licence and to negotiate a competitive market. **In July 2001, the company announced that it was prepared to work with the Government in order to find a suitable model for the liberalization of the local telecommunications industry.** According to press reports, Cable and Wireless has been upgrading its network and provides the Territory with one of the most technologically advanced systems. The British Virgin Islands will also host one of two Caribbean-wide "gateway switches" to support Cable and Wireless' new regional network. A network monitoring centre and a data centre will also be located in the Territory.

41. **In May 2001, the Caribbean Postal Union (CPU) held a meeting in Curaçao which was attended by the Territory's Chief Minister. The Executive Council of CPU agreed that the British Virgin Islands Postal Administration should become a full member and that the annual contribution of $3,000 should be paid for the years 1999, 2000 and 2001.**[24]

G. Water system, sanitation system and utilities

42. **The water supply in the British Virgin Islands is constrained by the twin problems of insufficient production of fresh water and inadequate storage capacity. According to the Minister of Communications and Works, the Territory produces 1.3 million gallons of fresh water daily, mostly in desalination plants, but can only store a two-day supply of water.** Rainwater cisterns are the primary source of water for 80 per cent of the population; the remainder relies on piped water. The shortage of water experienced by the Territory prompted a suggestion of the Legislative Council in May 2001 that the water supplier — Ocean Conversion Ltd. of the British Virgin Islands — should increase its capacity by 200,000 gallons a day.[25]

43. The Territory has an electricity production capacity of 42 million kilowatt hours and a consumption of 39 million kilowatt hours; production comes entirely from fossil-fuelled generators **with an effective generating capacity of 25 megawatts.** The rapid economic growth of the British Virgin Islands has strained its electricity grid and requires additional capacity. The Government undertook a major expansion of its physical plant to cope with current and future needs.

44. **The British Virgin Islands Electricity Corporation (BVIEC) is responsible for the Government's activities related to the development and distribution of power. It is currently completing phase III of a 10-year development programme, which involves the installation of two additional sets of generators. The final portion of financing of the project was authorized in March 2001. In November 2001, the Legislative Council approved a BVIEC loan of $5 million from Scotia Bank for an additional backup generator to combat the plague of electricity blackouts.**

V. Social conditions

A. General

45. Public assistance is provided for those who need it through the Social Security Board, a statutory body which **falls under the Ministry of Finance. It** provides for sickness benefits, maternity benefits, employment injuries, funeral grants and long-term benefits.

B. Labour

46. The labour force is engaged primarily in tourism (26 per cent), Government (20 per cent) and construction (18 per cent). **According to the information covering the year 2001, provided by the administrating Power, the Territory maintains full employment. In November 2001, the Labour Department reported that the size of the labour force was 11,730. Of this number, 4,998 or 42.6 per cent were British Virgin Islanders or belongers; and 57.4 per cent or 6,632 were persons from other countries around the world.**[26]

47. **Until recently, employment conditions and relations between employers and employees in the Territory, as well as the requirement for work permits, were governed by the Labour Code Ordinance (1975). According to the administrating Power, the Ordinance has not been amended since its enactment and is outdated in many respects. In**

1998, the Government introduced to the Legislative Council a new Labour Code Act that received its first reading in August 2001. The new Bill clarifies administrative arrangements, improves dispute settlement procedures and upgrades basic conditions of employment for long-term employees. The Code calls among other things for employer/employee disputes to be settled through arbitration rather than courts, and envisages a five-year limit on work permits for non-belongers. The Minister of Natural Resources and Labour has said that work permits of employees deemed "key" may be renewed beyond the five-year limit. In January 2002, the Chief Minister clarified that persons who are granted certificates of residence are legally exempted from having to obtain a work permit. In March 2002, the Minister of Natural Resources and Labour further explained that the measure of the five-year limitation on work permits was needed in order to cope with situations where persons on work permits eventually acquired residence status (see also para. 56). During the last five years, a total of 802 work permits were issued and 43 per cent of the permit holders (334 persons) decided to stay in the Territory.[27]

C. Education

48. Education is free and compulsory in the Territory between the ages of 5 and 11; secondary education **(from 12 to 16)** is also free. There are 18 public and 11 private primary schools on Tortola, Anegada, Virgin Gorda and Jost Van Dyke. There are three high schools (one private and two public) and a community college at Road Town. Secondary education is available to the General Certificate of Education "A" Level. Higher education is provided by the University of the West Indies. The H. Lavity Stoutt Community College offers associate degree courses and technical education.

49. **In September 2001, the Government introduced a number of new initiatives for the 2001/2002 school years, including improvement of school facilities, and an increase in scholarship funds for students who successfully complete their secondary education. Furthermore, new literacy and intervention programmes, such as homework help, have been introduced in many districts. The Government also approved financing for a new alternative education programme, a national curriculum development, a new five-year educational plan, and an educational television show to start later in 2002. In an effort to encourage computer literacy and broaden local opportunities, the Chief Minister announced, in January 2001, a ban on duties on computers imported for educational purposes.**[28]

50. **In October 2001, the Territory's college, H. Lavity Stoutt Community College, launched a new distance education programme which would allow students to continue education beyond the levels of certification offered by the college.**[29]

D. Public health

51. The territorial Government is the major provider and financier of health services. Primary health care in the Territory is provided by one hospital (Peebles Hospital), one health centre in Road Town and a network of eight district clinics, as well as two satellite clinics in Brewers Bay and Sea Cow Bay. Private health care is provided by one private hospital, two private dental surgeries, two private medical complexes and nine private physicians.

52. **The construction of a new hospital on Tortola, which would cost roughly $50 million, began in September 2001. The financing of the project comes through loans from the Bank of Nova Scotia and has already been approved by the Legislative Council. The hospital will have 70 to 80 beds and is scheduled to be completed in 2004.**[30]

53. **According to the Health Department, between June 1985 and September 2001, there were a total of 31 cases of human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) registered in the Territory, of which 21 were men. As of December 2001, 20 of those 31 cases had perished, 8 were still alive and the rest were unaccounted for. A fund managed by the local Red Cross was established in December 2001 to bring HIV/AIDS prevention awareness education to the public as well as to help needy AIDS patients.**[31]

54. The risk of a dengue fever epidemic continues to rise in the Caribbean, according to experts at the Pan American Health Organization and the Centers for Disease Control and Prevention in Puerto Rico. There is no vaccine against the disease, which is carried by mosquitoes. Health officials have been urging the

Territory's residents to take preventive measures, in particular to protect themselves from mosquitoes to avoid the disease. **By November 2001, 52 cases of dengue fever had been reported, an increase of 240 per cent over the previous year.**[32]

E. Immigration

55. **The Overseas Territory Bill, which will grant British citizenship to nationals of Great Britain's Overseas Territories, was given Royal Assent on 26 February 2002 (see also para. 10).**

56. **In the beginning of 2001,** the British Virgin Islands altered the terms of its "belonger status". This status is a local immigration status that confers such rights as the right to vote, to hold elected office, to own property without needing a licence, to reside in the Territory without immigration restrictions and to work without a permit. The amendments affected in particular the transmission of belonger status across generations. Children born outside the Territory of a parent who is a belonger by birth may receive belonger status, as is the case for children born in the British Virgin Islands of parents who, although not belongers, are considered to be settled in the Territory. The amendments also created a new category of belonger by registration. This applies to people born of belonger parents outside the Territory who may become belongers if their birth is registered within a limited period of time. This provision was particularly important to the British Virgin Islanders now residing in the United States Virgin Islands. Finally, a provision that automatically conferred belonger status on a woman who married a male belonger, but not vice versa, was revoked. The provision was deemed to be discriminatory and also presented opportunities for abuse, as "marriages of convenience" were arranged allowing non-belonger women to attain belonger status in exchange for financial reward. **The new rule prevents women who marry a belonger from automatically becoming belongers themselves. They have to apply for belonger status according to the standard procedure.**[33]

57. A controversial law prohibiting the free entry into the British Virgin Islands of Rastafarians and "hippies" remains on the books. **In April 2001, the Legislative Council passed an anti-discrimination bill prohibiting discrimination on the basis of race, colour, religion or country of origin; however, it did not repeal the Rasta Law.**[34] **In June 2001, the Council approved the Adoption of Children (Amendment) Act 2001, which removes the prohibition against the adoption of children who are not British subjects.**

58. **In January 2002, the Chief Minister announced that nationals of several other Caribbean countries, such as Cuba, Jamaica and Saint Vincent and the Grenadines, might soon require visas to enter the British Virgin Islands. There is currently a visa requirement for nationals of the Dominican Republic, Haiti and Guyana which was imposed in order to control the flow of immigrants.**[35]

F. Crime

59. The Royal Virgin Islands Police Force maintains three stations on Tortola and one each on Virgin Gorda, Anegada and Jost Van Dyke. The total size of the force is **186** officers. **In December 2001, the Commissioner of Police reported that the Police Force maintained a detection rate of 60 per cent for the year 2001 (in 1992 it was 35 per cent). At the same time, over the past 10 years, the incidence and sophistication of serious crimes have been increasing steadily. According to the Commissioner, over 1,900 crimes were committed in 2001. Since March 2001, the Police Force has been fighting a new crime wave.**[36] **In August 2001, the Chief Minister announced an increase in funding to modernize the Police Force. Funding for the current year was increased by $1.1 million and will increase by $2 million each year for the next five years. By February 2002, the crime rate on Virgin Gorda had dropped because of a new police programme that borrowed officers from Tortola. The Programme started early in 2001 after a rise in the numbers of burglaries in certain areas of that island.**[37]

60. **In September 2001, a five-year prison report (1995-1999) was released to the Legislative Council. According to the report, in 1999, there were 48 prisoners jailed in the Territory, of whom 12 were the Territory's nationals. All the prisoners are classified into one of four levels of security. The prison had 47 employees in 1999, of whom 34 were officers. The officers earn from $11,412 to $17,148 a year with full medical and dental benefits. Officers work in three shifts covering 24 hours.**[38]

61. **According to the 1998-1999 annual report of the Caribbean Financial Action Task Force (released in 2001), the British Virgin Islands are becoming an increasingly important location on the Caribbean trans-shipment corridor for trafficking of cocaine between the producer countries of the South and the consumer countries of the North. The report considers that the production of drugs in the Territory itself is limited to the cultivation of marijuana on a small scale. With respect to the drug-related money-laundering, the report notes that, given the robust financial activity in the country, it is possible that incidences of money-laundering do occur.**[39]

62. **In February 2002, the National Drug Advisory Council presented its annual report to the Executive Council, which indicated increasing drug use among school children. The two controlled substances most frequently consumed are alcohol and marijuana. The Executive Council suggested sending copies of the report to local schools, and elaborating on the enforcement of the legal age for the consumption of alcohol. The Council intends to develop requirements for businesses to observe the legal age for the use of alcohol, not to expose their underage employees to alcohol and to forbid selling alcohol to minors. The Executive Council mandated the National Drug Advisory Council to develop a long-term national drug awareness campaign.**[40]

VI. Environment

63. Like many Caribbean Territories, the British Virgin Islands is hit by seasonal hurricanes. The Territory's Government undertakes several programmes to minimize the damage caused during hurricane season and maintains an Office of Disaster Preparedness and a National Emergency Operations Centre.

64. **In December 2001, two new seismographs were installed in the Territory, a temporary placement on Virgin Gorda, and one permanent machine in the Office of Disaster Preparedness. Eventually the Office of Disaster Preparedness plans to have three of the devices spread all around the Territory.**[41]

65. **The Department for Environment, Food and Rural Affairs, the University of Wales and the Marine Conservation Society announced in November 2001 a three-year, £145,000 project to investigate the exploitation of the endangered marine turtle population in the Caribbean overseas territories, including the British Virgin Islands. Despite a ban on all international trade in marine turtle products under the Convention on International Trade on Endangered Species in 1977, tortoiseshell items continue to be illegally traded in the Caribbean, where unsuspecting tourists provide the main market. The project aims to work with local expertise and to help establish long-term research programmes in each involved Territory. Through exhaustive field surveys and genetic stock analysis, the team will assess the status of the marine turtle population at nesting beaches and the turtle's marine foraging grounds. It will also evaluate legal and illegal turtle harvests through socio-economic surveys. Regulated turtle fisheries are currently allowed in the British Virgin Islands.**[42]

VII. Relations with international organizations and entities

A. United Nations system

66. The Territory enjoys associate membership in the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Economic Commission for Latin America and the Caribbean (ECLAC). The Territory also receives some funds from the United Nations Development Programme (UNDP) in implementing its country cooperation framework.

B. Regional organizations and entities

67. The Territory is an associate member of the Caribbean Community (CARICOM), whose goal is to promote closer political and economic integration among Caribbean States, and the Organization of Eastern Caribbean States (OECS). Because of its relatively high level of economic development, the Territory is being pressured to become a full member and to open its labour market to OECS workers. It is a borrowing member of the Caribbean Development Bank. It is also a signatory to the Lomé Convention, which provides for some development assistance.

68. In February 2002, the British Virgin Islands hosted a conference entitled "Demand Reduction, Education, Treatment and Legal Issues, What's Working, What's Not Working". The conference was sponsored by the Foreign and Commonwealth Office's Good Government Funds and was organized by National Drug Coordinators from the United Kingdom, in order to tackle the scourge of illegal drugs plaguing the Overseas Territories. The conference was held with the support of the Territory's National Drug Advisory Council and the Community Agency on Drugs and Addiction. The aim of the conference was mainly to develop recommendations for dealing with the problem. Participating Overseas Territories agreed to establish links with regional agencies in order to benefit from more resources in information and education, treatment, policing and supply and demand reduction.[43]

VIII. Future status of the Territory

A. Position of the territorial Government

69. According to information received from the administering Power, on 9 September 1998, the Government of the British Virgin Islands and the Government of the United Kingdom signed a "Memorandum of Cooperation and Partnership". In that document, the territorial Government stated its objective to be the achievement of economic independence; the administering Power stated that it shared that objective and that it remained committed to a policy of assisting its Overseas Territories to attain full independence when and if it was the clearly and constitutionally expressed wish of the people.

70. In June 2001, the Government appointed a committee to look into the cost, obligations and liabilities of independence, such as the creation of a foreign ministry, the establishment of embassies and the requirements arising from international treaties and conventions. This exercise was undertaken to implement one of 30 other proposals for constitutional reform presented in the 1993 Report of the Constitutional Commissioners. The committee is not supposed to make any recommendations whether the Territory should become independent. The question of independence is to be decided by the country's voters either through referendum or by electing a party committed to independence. The committee was expected to report to the Government by 30 September 2001.[44]

B. Position of the administering Power

71. On 8 October 2001, the representative of the United Kingdom made a statement before the Fourth Committee (see A/C.4/56/SR.3) in which she welcomed the opportunity to present the position of her Government, as an administering Power, and reported on "further progress made towards the modernization and development of the relationship between the United Kingdom and its Overseas Territories".

72. The United Kingdom representative said that the third meeting of the Overseas Territories Consultative Committee had been held in London in September 2001. The meeting had been hosted by Baroness Amos, who had been appointed Foreign Office Minister for the Overseas Territories in June 2001. The Consultative Committee provided a forum for structured political dialogue and exchange of views between the elected representatives of the Overseas Territories and Her Majesty's Government. The meeting was an opportunity to continue dialogue on the management of public affairs and future development of the Overseas Territories, and enabled Ministers and the Governments of Overseas Territories to consult on matters such as the process of constitutional review and human rights issues arising from the United Kingdom's international commitments.

73. The representative of the United Kingdom said that the United Kingdom's partnership with her Overseas Territories continued to evolve and progress. On 21 June, the Government had introduced to Parliament the British Overseas Bill, which would grant British citizenship, with right of abode in the United Kingdom, to British Dependent Territories citizens from 13 of the United Kingdom's 14 Overseas Territories in fulfilment of a commitment made in the 1999 White Paper on the relationship between the United Kingdom and the Overseas Territories. The bill would also formally change the nomenclature from "dependent" to "overseas" territory to reflect more accurately the nature of the relationship. The United Kingdom and

most Overseas Territories adopted an Environment Charter on 26 September. That set out 10 guiding principles which express the key environmental commitments that the international community has adopted. Those (guiding principles) were followed by specific commitments on the part of the United Kingdom and Overseas Territories' Governments, indicating how they would work in partnership for the benefit of the environment. It was a good example, the representative of the United Kingdom said, of how progress could be made working together in an area of mutual interest, which was critical to the future prosperity, well-being and even survival of many of the Overseas Territories and their communities.

74. The representative of the United Kingdom pointed out that, as the record showed, for the United Kingdom, the wishes of the peoples concerned, exercised in accordance with the other principles set out in the Charter of the United Nations and in other international treaties, were of paramount importance. The relationship of the United Kingdom with the Territories continued to be based on the following fundamental principles: self-determination; mutual obligations; freedom for the Territories to run their affairs to the greatest degree possible; and a firm commitment from the United Kingdom to help the Territories economically and to assist them in emergencies. The representative of the United Kingdom said she was sure the Committee recognized the basic commonality of approach between the British Government and the Committee.

75. Nevertheless, she stated, it was a pity that, while there was so much in common in their approaches, that was not always properly reflected in all relevant resolutions, in particular of the Special Committee on decolonization. The United Kingdom welcomed the fact that the annual omnibus resolution stated that "... in the decolonization process there is no alternative to the principle of self-determination". The United Kingdom therefore regretted that the Committee of 24 continued only to apply that principle selectively. This principle was enshrined in the Charter of the United Nations and the International Covenant on Civil and Political Rights.

76. The United Kingdom, she stated, would continue to work to improve its cooperation with the Committee of 24. A representative of the United Kingdom attended the regional seminar of the Special Committee in Havana in 2001.

77. The United Kingdom welcomed the efforts made by the Committee of 24 begun under the constructive leadership of Ambassador Peter Donigi (Papua New Guinea), to pursue informal dialogue with the administering Powers with a view to the possible future removal of the Territories from the Committee's list. Careful preparations would be necessary before the United Kingdom could expect substantive progress to be made but the United Kingdom remained ready to cooperate with the Committee in those efforts.

C. Consideration by the General Assembly

78. On **10 December 2001**, the General Assembly adopted, without a vote, resolution **56/72 B**, section IV of which concerns the British Virgin Islands.

Notes

[1] Information contained in the present working paper has been derived from published material and from material provided by the administering Power under Article 73*e* of the Charter of the United Nations.

[2] *The Island Sun*, 29 June 2001.

[3] *Europa World Yearbook 2001*, 42nd ed.

[4] ***The Island Sun*, 15 February 2002.**

[5] **Ibid., 8 March 2002.**

[6] *Europa World Yearbook 2001*, 42nd ed.; *Press Release "Baroness Amos and Citizenship", St. Helena Herald*, 22 March 2002.

[7] ***The Island Sun*, 22 December 2001.**

[8] **Ibid., 8 February 2002.**

[9] **Ibid., 22 December 2001.**

[10] ***The Island Sun*, 24 November 2001.**

[11] **Ibid., 6 December 2001.**

[12] ***The BVI Beacon*, 31 January 2002.**

[13] Ibid., 27 September 2001.

[14] **Ibid., 20 December 2001.**

[15] ***The Island Sun*, 4 October 2001.**

[16] Ibid., 1 June and 22 December 2001; *The BVI Beacon*, 20 December 2001.

[17] *The BVI Beacon*, 20 December 2001; ibid., 27 July 2001.

[18] www.oecd.org, "Tax Haven Update"; *The Island Sun*, 8 March 2002.

[19] *The Island Sun*, 15 March 2002.

[20] Ibid.

[21] *The BVI Beacon*, 20 December 2001.

[22] *The Island Sun*, 5 October 2001.

[23] Ibid., 8 December 2001.

[24] Ibid., 19 May 2001.

[25] *The BVI Beacon*, 20 December 2001.

[26] *The Island Sun*, 24 November 2001.

[27] *The BVI Beacon*, 20 December 2001; *The Island Sun*, 19 January and 1 March 2002.

[28] *The Island Sun*, 14 September 2001 and 8 February 2002; *The BVI Beacon*, 20 December 2001.

[29] *The BVI Beacon*, 12 October 2001.

[30] *The Island Sun*, 14 September 2001.

[31] *The BVI Beacon*, 29 November 2001; *The Island Sun*, 12 January 2002.

[32] *The BVI Beacon*, 29 November 2001; *The Island Sun*, 3 June 2000.

[33] *The BVI Beacon*, 2 November 2000 and 20 December 2001.

[34] Ibid., 20 December 2001.

[35] *The Island Sun*, 11 January 2002.

[36] Ibid., 1 December 2001.

[37] *The BVI Beacon*, 14 February 2002.

[38] Ibid.

[39] www.oecd.org//fatf/ctry-orgpages/cctry-bvi_en.htm.

[40] *The Island Sun*, 8 February 2002.

[41] Ibid., 6 December 2001.

[42] *The Island Sun*, 24 November 2001.

[43] *The BVI Beacon*, 20 December 2001; *The Island Sun*, 1 February 2002.

[44] *The BVI Beacon*, 14 June 2001.